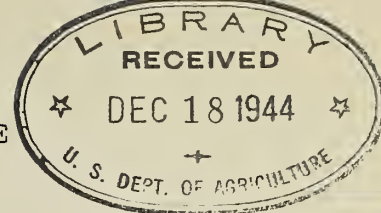


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UNITED STATES DEPARTMENT OF AGRICULTURE
Surplus Marketing Administration



No. 3

SMA DEFENSE LETTER

Wash., D.C., Dec. 24, 1941

PRODUCTION GOALS FOR MAJOR CANNING CROPS and details of program under which price supports will be carried through to farmers were announced Dec. 19. (Copies of press-release mailed you same date.) SMA and AAA now working on letter of instruction for State DB Chairmen explaining part DB's are to play in program. Beginning in January Canning Crop Schools will be held in Utah, Maryland and Missouri; in other major canning States later. Schools really are discussion groups covering production problems on farm and in canneries.

1942 DAIRY PRODUCT GOALS and plans for expansion of processing facilities have been sent you, (Releases sent Dec. 22) together with an earlier release announcing loans to three co-ops. This program especially important.

POTATO MARKETING ORDER for Minnesota, North Dakota, Wisconsin and Michigan expected to be approved by Secretary in very near future.

EXPANSION OF COTTON BALE COVER PROGRAM is in offing. Short supplies and high price of jute thot to open way to encourage further use of cotton bale "patterns" or covers. SMA has been plugging cotton bale cover use for several years in program under which payments are made to manufacturers for cotton covers they make, sell and deliver to users. Original program for present fiscal year called for payments on 2,000,000 bale covers. This is to be upped. Too early to say how much.

U.S. FOOD SITUATION IS VERY GOOD: LITTLE EXCUSE FOR SUBSTANTIAL PRICE INCREASES
This is consensus of opinion of USDA. Despite fact US food resources doing double duty providing for increased needs our people and making it possible for allies to continue fight, here is broad outline of situation: Generally, food supplies are largest on record. 6,000,000 farmers are gearing up for more production in 1942 than in record-breaking 1941. Increasingly substantial Lend-Lease shipments to Britain playing major role in maintaining productive and fighting strength there. Adequate supplies will be available for our military forces and civilian population. There would be NO excuse for skyrocketing prices. Re this latter, Secty Wickard recently said: "There is little excuse for any substantial increase in price of agricultural commodities, and we will do everything in our power to check speculative increases."

LEND-LEASE SHIPMENTS SHOWING EFFECT, according to reports from England. Howard Marshall, info director, British Food Ministry, on arrival here first of month said L-L food arriving in quantity. Has permitted England to up protein ration (cheese and eggs). Current reports here that Germany had to cut its protein ration. Arrival L-L food also has enabled England to start new point rationing system giving more nearly equitable distribution rationed foods. Under "point" plan housewives are given so many points per month and each quantity of different kinds of food is given a point value which will be checked against the ration card. This enables housewives to buy rationed foods at any store and does away with old plan of registering and buying only at one store. Arrival of quantities of American canned pork was only thing that made new rationing system possible.

Another report from British Food Ministry explained that although L-L food supplies will constitute only 5 to 6% of United Kingdom's total volume, their value is considerably greater than these figures indicate since they include concentrated proteins such as cheese, canned milk, dried milk, eggs, canned fish and meat. In case canned milk, L-L supplies represent considerable proportion British total supply. Supplies under L-L are restoring balance in British diet, making it more varied, and improving both well-being and morale. L-L dairy products have allowed England to limit its fluid milk supplies to children under 12 years.

SMA PURCHASES FOR LEND LEASE and other needs during Nov. hit \$73,000,000, bringing total since start of program in mid-March to more than \$500,000,000 for f.o.b. commodity cost, not including handling and transportation. (Copy release enclosed.)

HAWAIIAN FOOD PLAN to meet needs in Territory announced Dec. 17. (Release mailed Dec. 18.)

REORGANIZATION OF USDA FOR WAR-TIME EFFORT and formation of Agri. Defense Board was announced by Secretary Wickard Dec. 13. (Copy release mailed Dec. 16.) Administrator Hendrickson moves up as Administrator of Agricultural Marketing. Group includes SMA, Commodity Exchange Admin. and Agri. Marketing Service. Gaumnitz now Administrator of SMA. Will notify of any further changes of interest.

OVERALL DEFENSE CONFERENCE held here under auspices of Office of Agri. Defense Relations on Dec. 22 and 23 was attended by representatives of various SMA divisions. Summary of developments at conference dealing with labor, priorities, allocations, price trends, brakes on all-out defense, materials, transportation, marketing, storage, farm machinery and repair, processing facilities, salvage, etc., will be sent soon.

LIMITED SMA DIRECT PURCHASES OF BUTTER, mainly for school lunches, have been started; also will gradually take over stocks acquired by Dairy Products Marketing Association in butter market stabilization operations.

SMA REPRESENTATIVES ON DEFENSE BOARDS: Queries or needs for spot information may be sent directly to Administrator Gaumnitz, SMA, Washington, D. C.